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Message Text

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PAGE 01 WELLIN 04857 120606Z
ACTION EA-12

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TO SECSTATE WASHDC 6219
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USLO PEKING

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E.O. 11652: N/A
TAGS: ETRD, NZ, CH
SUBJECT: NEW ZEALAND CONSIDERS EXTENDING GSP TO THE PRC

REF: STATE 223620

1. WE HAVE DISCUSSED GSP STATUS FOR THE PRC WITH BRYCE HARLAND, ASSISTANT SECRETARY (ASIA) IN THE MINISTRY OF FOREIGN AFFAIRS, WHO TOOK PART IN ANNUAL TRADE TALKS IN PEKING IN JUNE AT WHICH THE SUBJECT WAS DISCUSSED. AT THOSE TALKS, THE CHINESE CITED AN INCREASING IMBALANCE IN NZ-PRC TRADE (SEE TABLE BELOW), AND ASKED NEW ZEALAND FOR (TO QUOTE HARLAND) "THE SAME FAVORABLE TREATMENT YOU GRANT OUR COMPETITORS." AFTER CONSIDERABLE FURTHER DISCUSSION, THE NEW ZEALANDERS CAME TO THE CONCLUSION THAT THE CHINESE WERE, IN FACT, REFERRING TO GSP STATUS. WHEN THEY INQUIRED WHETHER THE PRC CONSIDERED ITSELF TO BE A DEVELOPING COUNTRY, AND WHETHER IT WOULD ACCEPT GSP STATUS WERE NEW ZEALAND TO OFFER IT, THE CHINESE
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PAGE 02 WELLIN 04857 120606Z

ANSWER TO BOTH QUESTIONS WAS AFFIRMATIVE. IT WAS MADE CLEAR BY THE PRC, HOWEVER, THAT CHINA WOULD NOT FORMALLY REQUEST GSP STATUS.

2. NEW ZEALAND'S TRADE WITH THE PRC WAS ROUGHLY IN BALANCE DURING THE EARLY 1970'S, BUT HAS MOVED VERY MUCH IN NEW ZEALAND'S FAVOR IN MORE RECENT YEARS, AS

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Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

INDICATED IN THE STATISTICS BELOW. PRINCIPAL ITEMS IMPORTED BY THE PRC FROM NZ ARE TALLOW, WOOL, AND WOOD PULP; PRINCIPAL CHINESE EXPORTS TO NZ HAVE BEEN TEA, WOVEN COTTON FABRICS, AND COFFEE.

- NZ TRADE WITH PRC - DOLS NZ MILLIONS

YEAR ENDED JUNE	NZ EXPORTS	NZ IMPORTS
1971	1.7	4.4
1972	1.7	5.3
1973	6.0	6.9
1974	16.6	14.3
1975	10.8	13.7
1976	25.4	10.8
1977	25.1	20.3
1978	43.2	23.1

3. IT WAS AGAINST THIS BACKDROP THAT THE NEW ZEALAND TEAM WHICH VISITED PEKING IN JUNE EXPECTED TO BE ASKED TO GRANT SOME FORM OF CONCESSION TO CHINA. THAT CONCESSION IS TAKING THE FORM OF GSP STATUS, WHICH THE GNZ EXPECTS TO ACCORD TO CHINA DURING THE VISIT EARLY NEXT MONTH OF PRC MINISTER OF FOREIGN TRADE, LI CHIANG.

4. THE GNZ HAS INQUIRED OF SEVERAL FRIENDLY COUNTRIES,

AS IT HAD OF THE USG (SEE REFTEL), WHETHER THERE MIGHT BE OBJECTIONS TO SUCH A MOVE ON NEW ZEALAND'S PART. THE RESPONSES HAVE INDICATED THAT A NUMBER OF COUNTRIES, PRINCIPALLY IN WESTERN EUROPE, ARE THEMSELVES MOVING TOWARD GRANTING GSP STATUS TO THE PRC. HARLAND DID NOT NAME NAMES, NOR WAS HE PRESSED TO DO SO.
SELDEN

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